



## Communist University Introductions

*These texts may be used as “openings to discussion” of the original reading texts that are supplied by the CU. They are not intended to be authoritative or conclusive. They are contributions to discussion like any other such contributions. The introductions are not a substitute for the reading texts.*

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### Karl Marx's Capital, Volume 1, Part 0



First Edition, 1867

*A Quest for a Secret:*

# Capital, Volume 1

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Two weeks from now, on this SADTU Political Education Forum, we will begin posting a ten-part course on Karl Marx's Capital, Volume 1. It is an easy, enjoyable course. If you follow it, you will join the ranks of those who have read and understood this great work. If we can generate discussion about it by e-mail, or in face-to-face study circles, so much the better.

To see the full posting schedule for 2015, [please click here](#).

The course on Capital, Volume 1 will be followed by a further ten-week course on Capital Volumes 2 and 3. In other words, in less than half a year, on this forum, we are about to cover the entire three volumes of Karl Marx's great work, "Capital".

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**Karl Marx's "Capital, Volume 1"**, published in 1867, is the most outstanding product of a long project that Marx began in the 1840s, when he was still a young man in his twenties.

**Volume 2**, edited by Marx's lifelong comrade and intellectual collaborator Frederick Engels, was published two years after Marx's death, in 1885. **Volume 3** was published in 1894, one year before Engels' death.

The entire project is a quest for a full explanation of what Marx called, at the end of Chapter 18 of Volume 1: **"The secret of the self-expansion of capital."**

This secret is what Marx called **Surplus-Value**, gained by purchasing the commodity **Labour-Power** at its full value, and then putting it to work and expropriating the entire product of the actual **Labour** expended. This constantly-repeated process sustains the otherwise unstable thing called Capital, rather as a table-tennis ball may be kept in the air by a fountain of water, or of air.

In studying this book, it helps to be able to follow the development of Marx's quest for "the secret of the self-expansion of capital", consciously.

Karl Marx's thought did not spring forth fully-elaborated in one moment. Especially in the early years, Marx had to work very hard, and his quest was still work-in-progress when he died. All this is apparent from works produced prior to 1867, as much as from Volume 1 itself, and from the papers Marx left for Engels to put together for publication, up to the very last page of the last chapter of Volume 3, which ends: "*[Here the manuscript breaks off.]*".

Reading it as a quest, which it was, makes it more understandable.

### **The size of Capital, Volume 1**

One challenge presented by Volume 1 is its uneven shape and large size. The Communist University's method, strongly influenced by the teaching of Paulo Freire, relies on certain simple principles and practices. We discuss original texts. We use extracts from books to create "Short Texts" that can be used as Freirean "codifications". The point is not to learn the work as if for an examination, but rather to have a discussion, and thereby to socialise our growing collective understanding of it.

In the particular case of "Capital", this principle of discussion is no less crucial; but the huge size of the project made the delineation of "Short Texts" problematic. Please note that the source of all our texts for this series on Capital Volume 1 has been [Marxists Internet Archive](#). You can consult that text to fill in any omissions you may find in the material presented in the course.

### **The shape of Capital, Volume 1**

Capital, Volume 1 contains 33 chapters. Most of them are short, but there are five long ones, starting with Chapter 1 (Commodities). Chapter 3 (Money) is also long, as are Chapter 10 (The Working Day), Chapter 15 (Machinery and Modern Industry), and Chapter 25 (General Law of Capital Accumulation).

The structure of the book is deliberate, not accidental. Commodity (Chapter 1) is the right point of departure, and together with the subsequent two chapters on Exchange, and Money, it sets the scene for Chapters 4 and 5 which give the outline "General Formula for Capital".

The remaining 28 chapters are a carefully-paced rolling out of the idea of Surplus-Value, with all its implications, in short, easy, and sometimes repetitive steps. Exceptions are Chapters 10, 15 and 25, which are "books within the book". Yet these inner books are also part of the quest for "*the secret of the self-expansion of capital*".

## Consequent design of the CU series on “Karl Marx’s Capital, Volume 1”

The above considerations led to the following decisions (which will be explained further in the introductions to the individual texts):

- The series begins with Marx’s 1848 study-circle text called “Wage Labour and Capital”, and specifically with Engels’ 1891 Introduction to the first publication of that text, because it explains why Karl Marx worked for so many years on the question of Surplus-Value, a question that had not been fully answered in 1848, by anyone.
- There are also two other texts showing the development of Marx’s work in the two decades prior to 1867. These help to get an overview of the main work, and should assist the reader/student to get a grasp of Karl Marx’s overall intention. One of these consists of parts from the 1848 “Communist Manifesto”. The other is extracts from Marx’s 1865 talk to workers called “Value, Price and Profit”.

The above three instalments constitute the **first part** of our ten-part course.

Capital Volume 1 itself is reduced, where necessary, in the following ways:

- Some text is left out (i.e. “redacted”). This has been done with the third section of Chapter 1, with six of the ten sections in Chapter 15, and with part of Chapter 25.
- Footnotes are sometimes left out. This is regrettable! The footnotes to “Capital” are a treasury of great worth. For this reason, wherever there is spare space, footnotes have been retained.

Capital Volume 1 is then re-divided in the following ways:

- Short Chapters are combined together.
- Long Chapters are divided.
- In one situation (Chapters 2 and 3) a chapter is divided and part of it is added to the previous chapter

The above results in a division of Capital Volume 1 into 20 items, which are then divided in an appropriate way among the remaining 9 parts (weeks) of the course, with one suggested “main” text in each part and the others distributed as alternative, or additional, reading.

Thus we end up with a ten-week course, which is our standard CU course-length.

After completing Volume 1, we follow on with a ten-week combined treatment of Capital, Volumes 2 and 3, but in these cases the codification has been managed differently. It will be explained at the beginning of the second course.

By completing this collective, co-operative reading of Marx's Capital, you will join a relatively small group of people in this world who have effectively read it entire work.

You will know by then that it is an enjoyable work, and not at all the terrifying thing that it may at first appear to be.

- To download the full Capital, Volume 1 course in PDF files, [please click here](#)
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## Wage Labour and Capital

### “Wage Labour and Capital” and the Hunt for Surplus Value

Karl Marx's *Capital*, Volume 1, is a great work of literature and it covers many things; but more than any other thing, it is about Surplus Value, or *“the secret of the self-expansion of capital”* as Marx sometimes liked to call it.

This week's main reading, [“Wage Labour and Capital”](#), and especially Engels' remarks about it, show that in 1847, Karl Marx was as yet not able, in his writing, to clearly explain Surplus Value in terms of commodity Labour Power – the marketable capacity for labour – as something distinct from Labour itself.

“Wage Labour and Capital” was given as a lecture to the German Workingmen's Club of Brussels (Belgium) in 1847. When he first gave the lecture, Karl Marx did not make a distinction between the act of **Labour**, and its prior potential, called **Labour-Power**. The latter is the commodity that the worker sells each day to the capitalist in exchange for the privilege of staying alive.

The capitalist makes the worker work and takes all the product of the worker's **Labour**, giving back only just enough for the worker to survive as commodity **Labour Power**, and so to be up for sale again on the next working day.

The above is the reason for Frederick Engels' 5-page 1891 **Introduction** to the subsequent editions of “Wage Labour and Capital”. It is the reason why Karl Marx had to press on with his researches for another 20 years, until *Capital* Volume 1 was published in 1867, and beyond. Only in 1867 was the true theory of Surplus Value fully published and placed permanently in the public realm.

## Our starting point

Hence the main thing to read here, for the purposes of our series, is **Engels' Introduction** to "Wage Labour and Capital", and this Introduction is the main reason for including this text in the series; in other respects it is redundant to our needs. But it provides our starting point, and it defines the theme which will serve us throughout all the remaining parts of the series on Capital, Volume 1.

If you do go on from the Introduction to read the full text of "Wage Labour and Capital", then please note that this is not Marx's original version. It is the one doctored by Engels, as he explains in his Introduction, to accommodate Marx's theory of surplus value.

## Labour-Power and Surplus Value

The distinction between **Labour** and **Labour-Power** is the necessary basis upon which an understanding of **Surplus Value** can be built, and Surplus Value is the key to the whole project that Marx worked on for about forty years from at the latest 1844 until his death in 1883.

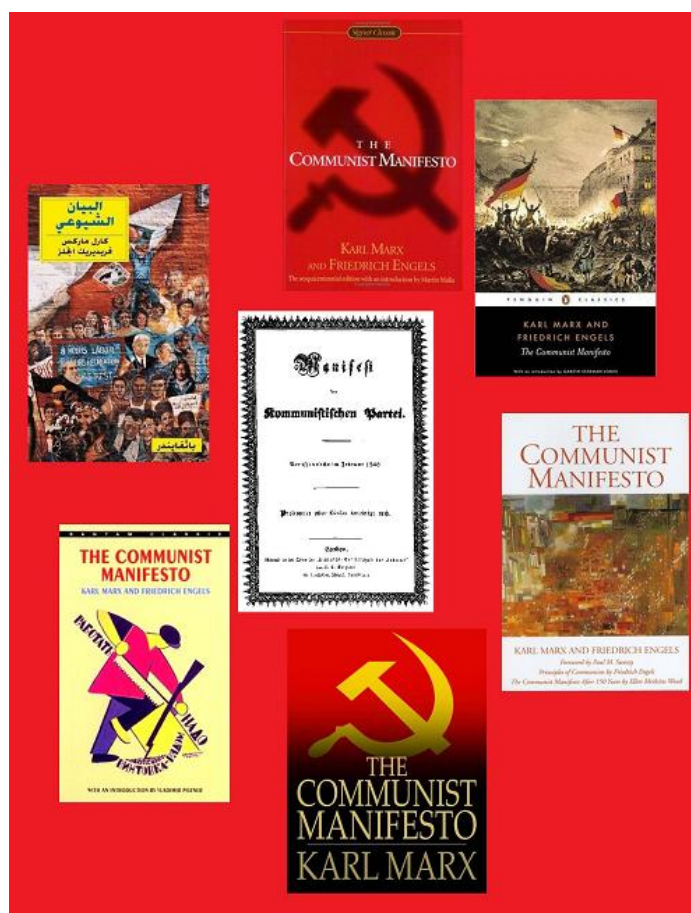
Said Engels: *"Classical political economy had run itself into a blind alley. The man who discovered the way out of this blind alley was Karl Marx."*

This is true, but in 1847 it was not yet fully true. Engels' Introduction to "Wage Labour and Capital" reveals Karl Marx's quest. From this point on in this series, side-by-side with Marx, we are going in search of the mysterious beast called "Surplus Value" and all of its implications.

To sum up: **Labour-Power** is what you bring to your employer's front gate in the morning. The employer normally pays you for it, **in full** (as Marx points out in "Value, Price and Profit"). After that, the entire product of any **Labour** you may do during the working day belongs to the employer.

*"The secret of the self-expansion of capital resolves itself into having the disposal of a definite quantity of other people's unpaid labour"* wrote Marx, later on, in Capital, Volume 1 (Chapter 18).

- The above serves to introduce the original reading-texts: [Marx's 1847 "Wage Labour and Capital"](#), but more importantly for our present purposes, [Engels' 1891 Introduction to the same work](#)



Various editions of the Communist Manifesto

## Bourgeois, Proletarians and Communists

The [Communist Manifesto](#) was written in London by Dr Karl Marx when he was 29, with the help of his 27-year-old friend Frederick Engels, and it was published in January or February of 1848. It has been a “best-seller” ever since, is constantly republished, and is always in print.

### Bourgeois and Proletarians

Marx and Engels saw the new masters, the formerly slave-owning but now capitalist bourgeoisie, also known as burghers, or burgesses, that had originally grown up in the towns under feudal rule, and had by then in some places taken over from the feudal lords by revolution.

Marx and Engels were already convinced that sooner or later, this bourgeoisie was going to be overthrown by the class of working proletarians (i.e. free citizens owning nothing but their Labour-Power) that the bourgeoisie had brought into existence.

Commissioned to write the Manifesto by the Communist League, Marx and Engels fell behind the agreed deadline, but came through with a magnificent text published just prior to the February, 1848 events in Paris - events which brought the proletariat as actors on to the stage of history to an extent that had never been seen before, thoroughly vindicating Engels and Marx.

The timing was great. The text turned out to be a classic to such an extent that every line of it is memorable. The first two parts ("Bourgeois and Proletarians", and "Proletarians and Communists") are given in the attached two files.

Short though it is, the Manifesto is so rich and so compressed as to be saturated with meaning and practically impossible to summarise. So without summarising, here are some of the most extraordinary sentences of the first section of the Manifesto:

*The history of all hitherto existing society is the history of class struggles.*

*Society as a whole is more and more splitting up into two great hostile camps, into two great classes directly facing each other - bourgeoisie and proletariat.*

*The executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie.*

*All fixed, fast frozen relations, with their train of ancient and venerable prejudices and opinions, are swept away, all new-formed ones become antiquated before they can ossify.*

*All that is solid melts into air, all that is holy is profaned, and man is at last compelled to face with sober senses his real condition of life and his relations with his kind.*

*The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.*

### **Proletarians and Communists**

The second part of the Communist Manifesto contains statements about the Communist Party, about the family, about religion, and frank statements about the bourgeoisie.

It is included here with this set of readings of Marx's Capital, Volume 1, particularly because it shows, within the broadest possible context, the centrality of the relations of production that create and sustain the effect known as capital, which then in turn defines everything else in bourgeois society.

It also looks forward to the way that society can be changed yet again, and thus serves to remind us that Marx's work is always intentional, and is never merely empirical, descriptive or disinterested.

*"The average price of wage labour is the minimum wage, i.e., that quantum of the means of subsistence which is absolutely requisite to keep the labourer in bare existence as a labourer,"* wrote Marx and Engels, already making a great step forward from Marx's "Wage Labour and Capital" that had been published in the previous year, 1847.

*"But does wage labour create any property for the labourer? Not a bit. It creates capital, i.e., that kind of property which exploits wage labour, and which cannot increase except upon conditions of begetting a new supply of wage labour for fresh exploitation."*

*"...a vast association of the whole nation... in which the free development of each is the condition for the free development of all."*

- **The above serves to introduce the original reading-text - Marx's and Engels' 1848 "Communist Manifesto", [Part 1](#) and [Part2](#).**
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Capitalist, drawn by [George Grosz](#)

## Value, Price and Profit

This is a course on Marx's [“Capital”, Volume 1](#) (to be followed at once by a course on Volumes 2 and 3). In the next part we begin the book itself, with Chapter 1 of Volume 1. In this instalment we conclude our preliminary look at the preceding literature.

[“Wage Labour and Capital”](#) gave us notice of the “problematic” faced by Karl Marx in 1847. By 1857 most of the theoretical problems had been solved. By 1863 Marx had a sketch plan that closely resembled the shape of the full Volume 1 that was published four years later in 1867. By 1865, when he did [“Value, Price and Profit”](#) (see the attached documents), Marx had no doubt solved the literary problems of the work, and was by now able to summarise in a concise way, if necessary.

This short work, “Value, Price and Profit”, has served various purposes. It debunks the argument, still used by employers today, that wage rises will cause unemployment. Hence “Value, Price and Profit” has been a mainstay for generations of shop stewards and union negotiators.

Secondly, and prefiguring Lenin's argument against “Economism” four decades later in “What is to be Done?”, it states clearly that trade unionism, without political organisation, will never succeed in throwing off the yoke of capital (see the excerpt from Chapter 14, attached).

This abridged version of “Value, Price and Profit” can also to some extent serve as a “mini-Capital”, or in other words as the short version of “Capital” that many people crave. It will at least help us to get a better grip on some of the key concepts such as Labour, Value, Labour-Power, Surplus-Value and Profit.

The two quoted paragraphs that follow below are particularly instructive. Hobbes’ 1651 book “[Leviathan](#)” was a tremendous groundbreaker; Karl Marx noticed that Hobbes had “*instinctively hit upon this point overlooked by all his successors*”, namely the distinction between Labour-Power and Labour, which Marx had worked so hard and so long to see clearly (see the remarks about the hunt for surplus value in our earlier post on **Wage Labour and Capital**).

*‘What the working man sells is not directly his labour, but his labouring power, the temporary disposal of which he makes over to the capitalist. This is so much the case that I do not know whether by the English Laws, but certainly by some Continental Laws, the maximum time is fixed for which a man is allowed to sell his labouring power. If allowed to do so for any indefinite period whatever, slavery would be immediately restored. Such a sale, if it comprised his lifetime, for example, would make him at once the lifelong slave of his employer.*

*‘One of the oldest economists and most original philosophers of England — Thomas Hobbes — has already, in his “[Leviathan](#)”, instinctively hit upon this point overlooked by all his successors. He says: “the value or worth of a man is, as in all other things, his price: that is so much as would be given for the use of his power.” Proceeding from this basis, we shall be able to determine the value of labour as that of all other commodities.’*

“Value, Price and Profit” includes a counter-intuitive surprise in Marx’s statement that: “Profit is made by Selling a Commodity at its Value” (top of page 8 in our download version). Capitalism would still exist, even if it could shed its nasty price-gouging habits; because capitalism is not a simple swindle, but it is a system and a class relationship.

Capitalism would also still exist if Labour Power was always paid for at its full value.

The source of the “self-increase of capital” is located in the workplace, and not in the marketplace.

- The above serves to introduce the original reading-text: [Marx’s “Value, Price and Profit”, 1865, Chapters 6 to 10](#) and [excerpt from Chapter 14](#).



## Commodities

So far in this course we have had a [general introduction](#), and then looked at Marx's 1847 "[Wage Labour and Capital](#)", the "[Communist Manifesto](#)" of 1848, and Marx's 1865 "[Value, Price and Profit](#)".

Now, and for the remaining eight parts, this course will use text from Marx's greatest single work: Capital, Volume 1. We will take nearly all of it, conveniently divided, in sequence, starting with Chapter 1 – Commodities (download linked below).

[Chapter 1 of Capital Volume 1 of Marx's Capital](#) (attached) is a text that has been the material for many a political school. It begins with this great definition of commodities:

*"The wealth of those societies in which the capitalist mode of production prevails, presents itself as 'an immense accumulation of commodities,' its unit being a single commodity. Our investigation must therefore begin with the analysis of a commodity.*

*"A commodity is, in the first place, an object outside us, a thing that by its properties satisfies human wants of some sort or another. The nature of such wants, whether, for instance, they spring from the stomach or from fancy, makes no difference. Neither are we here concerned to know how the*

*object satisfies these wants, whether directly as means of subsistence, or indirectly as means of production.”*

And it later says:

*“A use-value, or useful article, therefore, has value only because human labour in the abstract has been embodied or materialised in it.”*

The second section of the chapter explores this dual character of commodities.

The third section, which contains quite a lot of formulas, is omitted for the sake of brevity. Those few sections of the book that have been left out of this course can be read on [Marxists Internet Archive](#).

The fourth and last section of the chapter is on the Fetishism of Commodities, meaning that in a capitalist society the relations between commodities replace the relations between people.

In commodities, writes Marx:

*“the social character of men's labour appears to them as an objective character stamped upon the product of that labour; because the relation of the producers to the sum total of their own labour is presented to them as a social relation, existing not between themselves, but between the products of their labour.”*

If there is a single purpose for Marx's book, it is to re-make human relations so that they are relations between humans again, or in other words: Marx's purpose is to restore human beings to themselves.

- The above serves to introduce the original reading-text: [Capital V1, Chapter 1, Commodities \[abridged\], Karl Marx, 1867](#).
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## Exchange

In his [1863 plan for the work](#), Karl Marx proposed to begin Volume 1 of Capital with “1. Introduction. Commodity. Money.” In the published version, four years later, an additional short item – Exchange – was introduced between Commodity and Money.

This is a helpful, brief, readable chapter that manages to reprise the definition of Commodity and the description of its implications given in the preceding chapter, while prefiguring the definition of Money that arrives in Chapter 3.

So this chapter on Exchange is a useful summary. In this regard it is typical of the work as a whole. Marx takes care in Capital, Volume 1, to allow the reader to rest at intervals and re-look at the material in a different way, or else to show off the new parts again in their relation to the whole.

Marx begins this chapter on Exchange by saying, of commodities:

*“In order that these objects may enter into relation with each other as commodities, their guardians must place themselves in relation to one another, as persons whose will resides in those objects, and must behave in*

*such a way that each does not appropriate the commodity of the other, and part with his own, except **by means of an act done by mutual consent.***”

*“In the course of our investigation we shall find, in general, that the characters who appear on the economic stage are but the personifications of the economic relations that exist between them.*

*“All commodities are non-use-values for their owners, and use-values for their non-owners. Consequently, they must all change hands.*

*“At the same rate, then, as the conversion of products into commodities is being accomplished, so also is the conversion of one special commodity into money.*

*“What appears to happen is, not that gold becomes money, in consequence of all other commodities expressing their values in it, but, on the contrary, that all other commodities universally express their values in gold, because it is money. The intermediate steps of the process vanish in the result and leave no trace behind.”*

The section of Chapter 3 on Price is also included in today’s attached instalment.

- The above is to introduce the original reading-text: [Capital V1, Chapter 2, Exchange, with part of Chapter 3, on Price.](#)
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Illustration from Thomas Hobbes' "[Leviathan](#)"

## Money

*"The commodity that functions as a measure of value, and, either in its own person or by a representative, as the medium of circulation, is money."*

It would not be remarkable that in a work called "Capital" and in a chapter called "Money", Karl Marx would proceed to define it; except that bourgeois economists cannot do so, even up to today.

Marx's definition of money ("*the perfected form of the general equivalent*") sits within a concrete overview of all the circumstances of capital, whereas bourgeois economists can never present a full picture of society, but only disconnected snapshots of abstract parts of the whole.

The second title of the book is "Critique of Political Economy". Karl Marx had read everything of consequence that had been written, from the time of Thomas Hobbes' "[Leviathan](#)" (1651), and had made notes from his reading in a manuscript called "[Theories of Surplus Value](#)", which is also sometimes called "Capital, Volume 4". The table below is a list of names of political economists mentioned in that

work, sixty altogether; and there are many others that are mentioned in the text or in the footnotes of Volume 1, including in the chapter given as a download for today, below.

Karl Marx was not an economist. Capital is not a book of economics. It is a critique of the entire body of Political-Economic thought up to the time of its writing, with conclusions drawn about the development of Political Economy (not economics) into the future. Political Economy is the study of human political relations, and not just money relations.

In this chapter Marx describes Money and Price, the conversions between Use-Value and Exchange-Value, and then the transformation of commodities into money and back again from money into commodities, which is the series “**C – M – C**”. Marx spends time on this quite simple description, because he is going to build on it later. Therefore it is advisable to read it at least once in full. But don’t get stuck. If you stick, skip.



Scrooge McDuck: miser

Finally, Marx deals in this chapter with **hoarding** of money, and with the practical use of money. All of these things are going to be useful while we go through the book.

Top picture: a 17<sup>th</sup>-century vision of the bourgeois state, from the cover of Hobbes’ “Leviathan”. Above: a 20<sup>th</sup>-Century vision of a **miser** (hoarder), “Scrooge McDuck”. Below (table): some authors covered by Marx during his preparations for writing “Capital”.

**Names of “political economists” studied in Marx’s [“Theories of Surplus Value”](#) (Capital, Volume 4):**

Sir James Steuart	John Stuart Mill	Massie	Robert Torrens
Quesnay	Germain Garnier	Buat	James Mill
Turgot	Charles Ganilh	Anonymous English Author	Prévost
Paoletti	Ferrier	Rodbertus	Thomas De Quincey
Adam Smith	Earl of Lauderdale	David Ricardo	Samuel Bailey McCulloch
Schmalz	Count Destutt de Tracy	Anderson	Wakefield
Verri	Nassau Senior	Darwin	Stirling
Say	Pellegrino Rossi	Roscher	John Stuart Mill
Storch	Chalmers	Hopkins	Ravenstone
Ramsay	Necker	John Barton	Ramsay
Mercantilists	Linguet	Nathaniel Forster	Cherbuliez
Ricardo	Sir Dudley North	Carey	Barbon
Sismondi	Locke	James Deacon Hume	Richard Jones
D’Avenant	Berkeley	Hodgskin	Proudhon
Petty	Hume	Thomas Robert Malthus	Luther

- The above is to introduce the original reading-text: [Capital V1, Chapter 3, \[part\], The Medium of Circulation, Money](#).
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Mr Moneybags, the capitalist

## Capital

Chapter 4 of Karl Marx's Capital Volume 1, called "The General Formula for Capital", is one of the short chapters in the book. It is immediately followed by "The Contradictions in the General Formula of Capital" which is Chapter 5, also short; so here they are given together (see the link for download, below).

Chapter 4 introduces the distinction between selling an unwanted commodity to get money to buy another commodity for use (**C-M-C**); or otherwise purchasing a commodity for re-sale with the intention of getting back the money, plus a surplus (**M-C-M'**).

This distinction is made as a preparation for the definition of Surplus-Value that is coming. "Capital" is not a hasty book. It is well paced so as to be friendly to any kind of reader, including worker readers.

In spite of its name, Chapter 4 is not a general definition of capital. This "general formula" is only an outline of "capital as it appears *prima facie* within the sphere of circulation". The chapter does not explain how a surplus is obtained, or where it comes from. That explanation is reserved for later.

Chapter 5 of Capital Volume 1 finds Karl Marx at his most relaxed. He knows very well that **C-M-C** and **M-C-M** are formally no more than portions of, or extracts from, a series with no end and no beginning, as: ...MCMCMCMCMCMCMCMCMCMCMCMCMCMCM.... He flaunts the absurdity of the distinction, asking: *“How can this purely formal distinction between these processes change their character as it were by magic?”*

He proceeds to state directly that: *“The inversion... of the order of succession does not take us outside the sphere of the simple circulation of commodities, and we must rather look, whether there is in this simple circulation anything permitting an expansion of the value that enters into circulation, and, consequently, a creation of surplus-value.”*

But now we begin to see what Marx is getting at. He is trying to find out how, in the process of exchange, a real increase can be found. He already has the answer but he is content here to have the groundwork of his argument tested against the ideas of others, such as ***Monsieur Condillac*** and ***Colonel Torrens***, as well as “***Vulgar-Economy***”, and so by degrees to refute “*the delusion that surplus-value has its origin in a nominal rise of prices or in the privilege which the seller has of selling too dear.*”

Marx shows that: *"It is... impossible for capital to be produced by circulation, and it is equally impossible for it to originate apart from circulation. It must have its origin both in circulation and yet not in circulation."*

Marx finishes the chapter like this: *“Our friend, **Moneybags**, who as yet is only an embryo capitalist, must buy his commodities at their value, must sell them at their value, and yet at the end of the process must withdraw more value from circulation than he threw into it at starting... These are the conditions of the problem. **Hic Rhodus, hic salta!**”*

This is Marx's way of saying "Here we go," or "This is it!"

The problem is set. The solution is going to follow soon enough.

- The above is to introduce the original reading-text: [Capital V1, Chapters 4 and 5, General Formula for Capital](#).



## Labour Power

Chapter 6 of Capital, Volume 1 is the one where **Karl Marx** pops out the secret of the whole deal – the **Buying and Selling of Labour Power**. The “*Hic Rhodus, Hic Salta*” finishing the previous chapter was fair warning: This is it. This is the heart of the matter.

Here are some highlights:

*“In order to be able to extract value from the consumption of a commodity, our friend, Moneybags, must be so lucky as to find, within the sphere of circulation, in the market, a commodity, whose use-value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labour, and, consequently, a creation of value.*”

*“By labour-power or capacity for labour is to be understood the aggregate of those mental and physical capabilities existing in a human being, which he exercises whenever he produces a use-value of any description.*”

*“...The second essential condition to the owner of money finding labour-power in the market as a commodity is this — that the labourer instead of*

*being in the position to sell commodities in which his labour is incorporated, must be obliged to offer for sale as a commodity that very labour-power, which exists only in his living self.*

*"...For the conversion of his money into capital, therefore, the owner of money must meet in the market with the free labourer, free in the double sense, that as a free man he can dispose of his labour-power as his own commodity, and that on the other hand he has no other commodity for sale, is short of everything necessary for the realisation of his labour-power."*

The first three paragraphs on page 3 of the downloadable extract linked below are also crucial, and are very surprising at the first reading. And then:

*"...Accompanied by Mr. Moneybags and by the possessor of labour-power, we therefore take leave for a time of this noisy sphere, where everything takes place on the surface and in view of all men, and follow them both into the hidden abode of production, on whose threshold there stares us in the face 'No admittance except on business.' Here we shall see, not only how capital produces, but how capital is produced. We shall at last force the secret of profit making.*

*"He, who before was the money-owner, now strides in front as capitalist; the possessor of labour-power follows as his labourer. The one with an air of importance, smirking, intent on business; the other, timid and holding back, like one who is bringing his own hide to market and has nothing to expect but — a hiding."*

- The above is to introduce the original reading-text: [Capital V1, Chapter 6, Buying and Selling of Labour Power](#).
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Increase in value

## Surplus Value

In Chapter 6 we discovered the mechanism of Surplus-Value, consequent upon the buying and selling of Labour Power, by which the overall, aggregate increase in wealth, that takes place under capitalism, is achieved.

Chapter 7 (click to download it, below) begins with a short summary of the book thus far, as follows:

*“The capitalist buys labour-power in order to use it; and labour-power in use is labour itself. The purchaser of labour-power consumes it by setting the seller of it to work. By working, the latter becomes actually, what before he only was potentially, labour-power in action, a labourer.”*

The production of surplus value in the dynamic relationship between the capitalist and the working proletariat provides the answer to the question that the book is intended to answer, before any other:

Where does the wealth generated by capital come from?

Or:

How, precisely, and exactly where, is the surplus taken?

Or, using Marx's words:

*What is the secret of the self-increase of capital?*

For, early on in his deliberations, Marx had determined that the observed general increase of wealth under capitalism could not have been coming from overcharging (cheating) in trade, because in a market of pure trading, one person's loss is another's gain, and all such losses and gains cancel out in any general summing up of wealth.

The answer is that the surplus arises in the workplace, and not in the market place, and the only source of surplus is this: that a worker can give up more in the fruits of his labour than it costs to develop and to maintain his labour-power.

This applies equally as much to women as to men.

One of the conclusions to be drawn from this is that capitalists make their money from employing people. It is the people that they employ, and not the machinery that the workers use, that makes the money. Therefore the bosses' threat to sack all the people and to substitute them all with machinery is generally a hollow threat.



**Labour Power: The potential to labour**

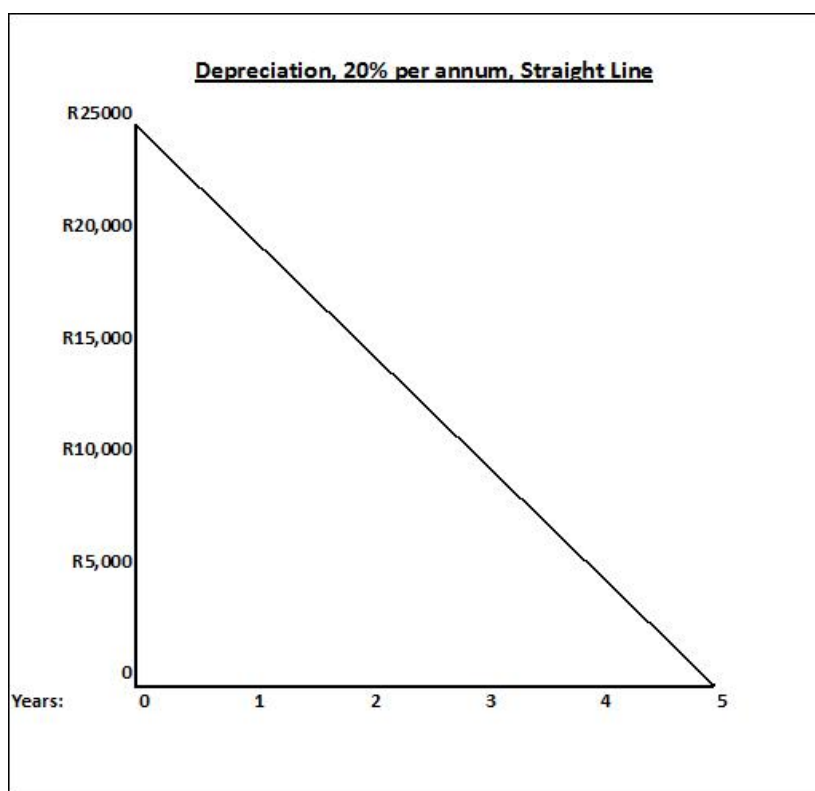
The illustration represents labour-power outside the door of the workplace. The potential workers will get paid for what they are (i.e. for the labour that went into

their existence) in full. But once inside the door, all the labour that they give, and all of the fruits of that labour, will belong to the capitalist.

Human beings can give up more labour than goes into their own sustenance. This is the special characteristic of labour, different from all other inputs that the capitalist exploits, and it explains how the capitalist surplus is made.

Marx explains all this patiently and with good humour in this chapter. Please read as much of it as you possibly can, because at this point we have come close to the heart of the matter.

- The above is to introduce the original reading-text: [Capital V1, Chapter 7, Producing Surplus Value](#).
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## Constant and Variable Capital

This is a short chapter, easy to read, and very interesting, bearing on the reasons why fixed capital (machinery, raw materials &c.) does not yield any surplus value during production.

This is in turn the reason for the tendency of the rate of profit to be less in “capital-intensive” as opposed to “labour-intensive” industries; and why, as industries become more capital-intensive, their rate of profit tends to fall.

You can be confident that the capitalists can never do away with workers. They are compelled, unless they are to perish altogether as capitalists, to employ people.

Capitalists are compelled to continue to extract Surplus-Value from human workers because it is the only way that their Capital can be sustained. Without the constant extraction of Surplus-Value from people, Capital is bound to shrivel away to nothing.

It is useful to read this chapter together with the previous one. There, it was shown that value comes from human labour. Here, it is shown how the labour contained in

the makings of a product, such as machinery and raw materials, is transferred from the original products into the new ones without being increased.

The graph, above, is a standard type of illustration in capitalist accounting theory, to show how the cost of a fixed asset, such as a piece of machinery, can be “written off” over, say, five years, for example. Such an asset is said to “depreciate”. It is used up, at a constant rate, called a “straight line”.

The concept of Surplus Value is the same as the concept of Value Added, which is the basis of Value Added Tax, or VAT. For VAT, the inputs are deducted and only the increase in their value gained through the application of labour to the inputs, is taxed.

These things (Value Added and Depreciation), which are commonplace in capitalist accounting, show that at the practical level, the basic facts of business life have to be recognised, even while the ideologues and theorists of capitalism deny them.

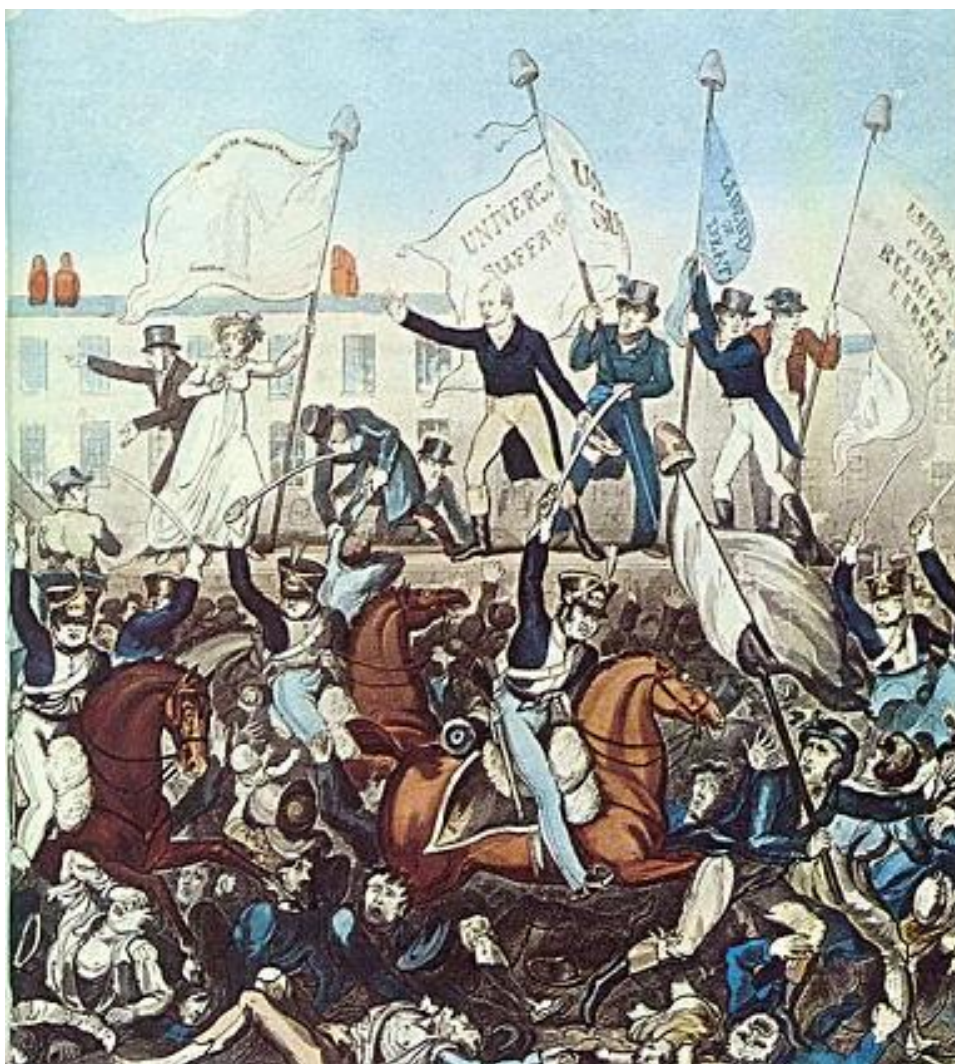
The source of increase of capital is labour (that is labour expended, minus labour power paid for, creating Surplus Value). Machines do not, and cannot, produce Surplus Value. As businesses employ relatively more machinery and relatively less labour, so their rate of profit must fall.

Says Marx:

*“That part of capital then, which is represented by the means of production, by the raw material, auxiliary material and the instruments of labour does not, in the process of production, undergo any quantitative alteration of value. I therefore call it the constant part of capital, or, more shortly, **constant capital**.*

*“On the other hand, that part of capital, represented by labour-power, does, in the process of production, undergo an alteration of value. It both reproduces the equivalent of its own value, and also produces an excess, a surplus-value, which may itself vary, may be more or less according to circumstances. This part of capital is continually being transformed from a constant into a variable magnitude. I therefore call it the variable part of capital, or, shortly, **variable capital**.”*

- The above is to introduce the original reading-texts: [Capital V1, Chapter 8, Constant and Variable Capital](#).



[Peterloo Massacre, 1819](#)

## The Rate of Surplus Value

Karl Marx's "Capital" is not a hasty book. It proceeds at a measured pace, with a degree of repetition. Some parts appear difficult, only to yield up their secrets at a second reading without a struggle.

The chapter on the Rate of Surplus Value (attached; download linked below) is a good example of all this. At first reading it appears dense. It appears to contain new things unconnected to what has gone before, or to what comes afterwards. Yet nothing could be further from the truth: In this chapter are re-stated some of the simplest, basic relationships, derived from the earlier chapters, and explicitly anticipating Volume 3 of the great work.

Let us pick out some of the easier passages. Marx begins with a “tautology” – a truism, or statement of the obvious, but one that has to do with “the expansion of capital”, the secret of which is the key to the entire work. Marx writes:

*“Since the value of the constituent elements of the product is equal to the value of the advanced capital, it is mere tautology to say, that the excess of the value of the product over the value of its constituent elements, is equal to the expansion of the capital advanced or to the surplus-value produced. Nevertheless, we must examine this tautology a little more closely.”*

Soon he puts down an important working definition, “constant capital”. Important because similar formulations, but with different meanings, are used in bourgeois accounting. Marx says:

*“Throughout this Book therefore, by constant capital advanced for the production of value, we always mean, unless the context is repugnant thereto, the value of the means of production actually consumed in the process, and that value alone.”*

“Constant” is the companion of “variable” capital, which is the capital advanced for labour. Says Marx:

*“From what has gone before, we know that surplus-value is purely the result of a variation in the value of  $v$ , of that portion of the capital which is transformed into labour-power; consequently,  $v + s = v + v$ , or  $v$  plus an increment of  $v$ . But the fact that it is  $v$  alone that varies, and the conditions of that variation, are obscured by the circumstance that in consequence of the increase in the variable component of the capital, there is also an increase in the sum total of the advanced capital.”*

Returning to constant capital, Marx says that for the sake of particular calculations, it may be taken out of the equation. Marx did not live to see something called Value Added Tax (VAT) but if he had, he would have recognised the same move. In the calculation of VAT, that portion of money advanced that does not increase, is removed out of the calculation. Marx put it thus:

*“At first sight it appears a strange proceeding, to equate the constant capital to zero. Yet it is what we do every day. If, for example, we wish to calculate the amount of England's profits from the cotton industry, we first of all deduct the sums paid for cotton to the United States, India, Egypt and other countries; in other words, the value of the capital that merely re-appears in the value of the product, is put = 0.”*

Then at once Marx reminds us of the importance of the constant and apparently inert part of the capital. This is where he refers to “the third book” (Volume 3), which was not actually published until after he died, and which deals among other things with the “tendency of the rate of profit to fall”, the discovery of which depends upon these simple preliminaries:

*“Of course the ratio of surplus-value not only to that portion of the capital from which it immediately springs, and whose change of value it represents, but also to the sum total of the capital advanced is economically of very great importance. We shall, therefore, in the third book, treat of this ratio exhaustively. In order to enable one portion of a capital to expand its value by being converted into labour-power, it is necessary that another portion be converted into means of production.”*

There are more definitions in this chapter. Here is what Marx means by “necessary” labour-time, and incidentally, the reason why capitalists pay their labourers:

*“That portion of the working-day, then, during which this reproduction takes place, I call “necessary” labour-time, and the labour expended during that time I call “necessary” labour [5] Necessary, as regards the labourer, because independent of the particular social form of his labour; necessary, as regards capital, and the world of capitalists, **because on the continued existence of the labourer depends their existence also.**”*

Here we return to the key of the book: Surplus Value, the secret of the self-increase of capital, which Marx says “has all the charms of a creation out of nothing”. It’s what the capitalist loves and constantly seeks:

*“During the second period of the labour-process, that in which his labour is no longer necessary labour, the workman, it is true, labours, expends labour-power; but his labour, being no longer necessary labour, he creates no value for himself. He creates surplus-value which, for the capitalist, has all the charms of a creation out of nothing. This portion of the working-day, I name surplus labour-time, and to the labour expended during that time, I give the name of surplus-labour.”*

Marx gives a simple procedure:

*“The method of calculating the rate of surplus-value is therefore, shortly, as follows. We take the total value of the product and put the constant capital which merely re-appears in it, equal to zero. What remains, is the only value*

*that has, in the process of producing the commodity, been actually created. If the amount of surplus-value be given, we have only to deduct it from this remainder, to find the variable capital. And vice versa, if the latter be given, and we require to find the surplus-value. If both be given, we have only to perform the concluding operation, viz., to calculate  $s/v$ , the ratio of the surplus-value to the  $v$  variable capital."*

The second part of this chapter consists of examples. If time is short, it can safely be skipped. The third part, containing Nassau W. Senior's theory of the "last hour" is easier.

This gentleman Mr Senior also appears in "Theories of Surplus Value", sometimes called "Capital Volume 4", which is Marx's distilled notes from his exhaustive study of all the preceding writers about political economy, the study that allowed him to arrive at a confident position of scholarly authority.

The arguments that Senior proposes are very far-fetched, yet one would not be surprised to hear such things from employers of today, and we still rely on Marx to refute them.

The last section is a transitional paragraph leading into the next great chapter, which is almost a book by itself: Chapter 10, "The Working Day".

**Illustration:** The Peterloo Massacre, Manchester, England, 1819. A crowd of 60,000-80,000 gathered for a protest rally against unemployment and poverty. They were then charged by soldiers on horseback (cavalry) and cut down with sabres, killing 15 and injuring up to 700.

- The above is to introduce the original reading-texts: [Capital V1, Chapter 9, The Rate of Surplus Value](#).
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**Course: Karl Marx's Capital, Volume 1**

**15001, Karl Marx's Capital, Volume 1, Introductions Booklet, 1 of 2**

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